

**Presentation to the NMFA Oversight Committee**  
**Summary of the LFC Program Evaluation of the Department of Cultural Affairs Regarding GGRT**  
 Jeff Canney August 26, 2013

New Mexico imposes a GGRT of 5% on revenues earned by state and local governments (excluding schools and hospitals) for various water, sewage, and refuse services from public utilities, public parking, recreation and performances.

*The total GGRT for FY13 was \$35.5 million.*

**Capital Outlay Appropriations for Repairs and Improvements of Museums and Historic Sites**  
 (in millions)

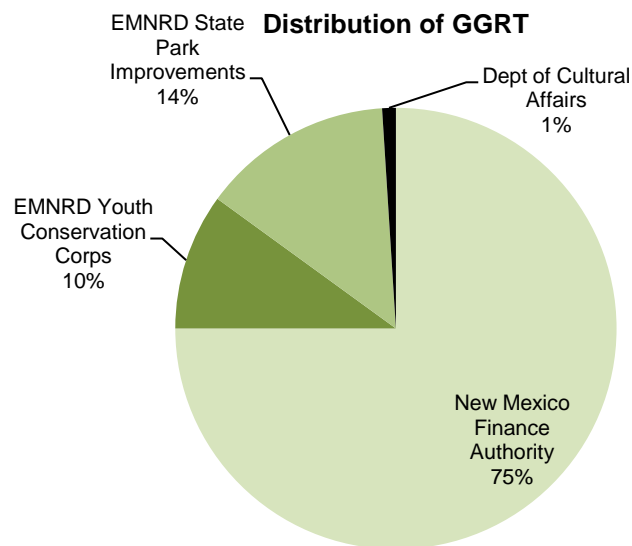
Year	Amount
2013	\$5.5
2012	\$0.5
2011	\$1.0
2010	\$1.1
2009	\$1.0
2008	\$2.0
2007	\$2.2
2006	\$2.0
2005	\$1.0
<b>Total</b>	<b>\$16.2</b>
<b>Average</b>	<b>\$1.8</b>

Source: NMSA

The Legislative Finance Committee program evaluation of the Department of Cultural Affairs *Selected Capital Outlay Projects July 15, 2013* highlighted four capital outlay projects. Relevant to the NMFA Oversight Committee, the report identified the dedicated funding source for the state's eight museums and eight historic sites as the Governmental Gross Receipts Tax (GGRT).

Regarding the GGRT, the report summarized two key points:

- The GGRT one percent allocation for the museums and historic sites is inadequate.
- This results in an annual capital outlay request by the DCA.



Source: Section 7-1-6.38  
 NMSA 1978

The state's eight museums and eight historic sites provide the public with opportunities for lifelong learning, promote cultural tourism, and are important in protecting New Mexico's cultural heritage for future generations. The facilities' condition and attractiveness are a direct reflection on how the state and local communities regard their importance, and is a consideration as to whether our residents and visitors decide to frequent the facilities.

Averaging only \$307 thousand per year, the GGRT amount is inadequate to maintain the growing number of properties. Capital outlay appropriations have averaged \$1.8 million but the amount is not consistent or reliable for planning purposes.

**Recommendation**

The Legislature should identify a reliable and adequate funding source for museums and historic sites.